

Recovery Act Bulletin

Recovery Act Bulletin		NUMBER: 10-10
SUBJECT: OFFICE OF MANAGEMENT AND BUDGET JOB CALCULATION GUIDANCE		DATE ISSUED: December 21, 2010
REFERENCES: AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (ARRA) OFFICE OF MANAGEMENT AND BUDGET MEMORANDUM M-10-08 RECOVERY ACT BULLETIN S 09-27 AND 09-30		SUPERSEDES:

TO: Agency Secretaries
Department Directors
Departmental Budget Officers
Departmental Accounting Officers
Department of Finance Budget Staff

FROM: California Recovery Task Force

Purpose: The purpose of this Recovery Act Bulletin is to communicate job calculation errors discovered through a Bureau of State Audits report 2010-601 issued December 21, 2010. To read the full report, follow this [link](#).

Directive: State Departments must review Recovery Act Bulletins 09-30 (located [here](#)) and 09-27 (located [here](#)) and ensure that their job calculation methodology conforms to OMB guidance.

Departments must also ensure they are taking advantage of the continuous Quality Assurance period offered by Federal Reporting to update and more accurately report ARRA data.

BSA Findings The following are issues noted in BSA's audit.

Some departments calculated full time equivalents (FTE) monthly and then added the monthly FTE together to derive a quarterly FTE number. The result is inflated job numbers.

- As outlined in previous Recovery Act Bulletins, OMB's formula for calculating jobs requires departments to add hours worked and funded for the *entire* quarter and divide the number by 520 or the equivalent hours in a full time schedule.

For example, Joe is a full time employee. The number of hours worked and funded by ARRA for the quarter is 173, 150 and 100 respectively.

Using OMB's formula, the department should add the hours worked and funded for the 3 months and divided by 520.

$$\frac{173 + 150 + 100}{520} = .81 \text{ FTE}$$

If the department had calculated the FTE monthly they would have shown Joe as 1 FTE for month 1, .86 FTE for month 2, and .58 FTE for month 3 for a total of 2.44 FTE. This is a significant overstatement of FTE funded by ARRA.

Departments are not including paid time off in their FTE calculations. Per Recovery Act Bulletin 09-30

The numerator of the calculation represents hours worked and funded directly by ARRA for the current quarter only. Hours worked should include benefits, vacation, sick, training and jury duty hours that would normally be counted as job expenses if funded by non ARRA dollars.

Departments are not utilizing the continuous Quality Assurance (QA) period provided by Federal Reporting to update and report ARRA data.

Since February 2010, Federal Reporting has opened their website for approximately 6 weeks following each reporting month to allow recipients to update their data as necessary. The Task Force understands that departments cannot always provide accurate data within OMB's initial reporting timeframe. However, once the accounting records are closed and final job numbers are obtained, the departments needs to update their data in CAAT and request the CAAT Help desk to upload their award to Federal Reporting.

Incorrect data cannot be updated after the QA period is closed. Therefore, to insure the quarterly data is complete and accurate, departments must review their data and update as necessary.

Departments are not reviewing the methodology used by sub-recipients to report jobs nor are they reviewing supporting documentation to insure sub-recipients are calculating jobs correctly.

While OMB does not require specific documentation to support job calculation, they do require that recipients should be prepared to justify their job estimates. The Task Force, in Recovery Act Bulletin 09-27, provided several steps that departments could take to insure the accuracy of sub-recipient reported job numbers.

- Provide guidance to sub-recipients regarding appropriate job calculation methods. Preferably, this guidance should conform to OMB's recommended methodology.
- Review the sub-recipients job calculation methodology for accuracy and appropriateness.
- Perform an analytical analysis of the reported numbers to determine reasonableness. Factors such as the type of project or program, expected duration of the activity, amount expended in the current quarter by the sub-recipient and a comparison with other sub-recipients reporting may be useful in the analysis.
- Review sub-recipient supporting documentation. This can be done on a sample or periodic basis.

In general, the departments have provided guidance to their sub-recipients. However, without review and analysis of the sub-recipient's reported job numbers, the departments cannot insure the reported FTE is not over or understated.

**CAAT
Approvals**

Departments are wholly responsible for the quality of their data, and must take steps to ensure the data they report to CAAT is correct and verified. When a user approves an award in CAAT they are certifying that the data is accurate and complete. It is important that CAAT approvers review the data prior to clicking on the approve button. CAAT has several reports including the award summary and the validation report that can aid in data review.

**OMB and
Task
Force
Guidance**

OMB Memorandum M-10-08 may be accessed at:

http://www.whitehouse.gov/sites/default/files/omb/assets/memoranda_2010/m10-08.pdf

Recovery Act Bulletins, including 09-27 and 09-30 that pertain to jobs and data quality, may be accessed at:

<http://www.recovery.ca.gov/html/newsroom/recoveryactbulletins.shtml>

Questions

For questions regarding this Recovery Act Bulletin, please contact Lisa Negri at Lisa.Negri@recovery.ca.gov.